

State of Washington
Status of Audit Resolution
December 2002

Agency: 300

Department of Social and Health Services

Audit Number	Finding Number
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2001S	02	Finding:	Internal controls over child support checks returned to the Division of Child Support's Cash Management Office are inadequate and do not provide proper safeguards.
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Resolution/Status: The Department concurs with this finding and has taken the following corrective action:

- Created a system to produce a log of returned checks and a check destruction log,
- Implemented new procedures for logging, canceling, and shredding checks,
- Moved a locked safe into the cash area,
- Implemented procedures for an independent review of all the Adjustment Vouchers on a regular basis,
- Implemented a new procedure to have staff verify the mailing address is valid before reissuing a check, and
- Reprogrammed the Support Enforcement Management System to allow a reissue via EFT.

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Department of Social and Health Services

2001S	03	Finding:	The Department of Social and Health Services, Division of Vocational Rehabilitation, does not have adequate internal controls over the processing of expenditures for client services.
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Resolution/Status: The Department partially concurs with this finding and has taken the following corrective action:

- Updated the internal Cash Controls policy,
- Implemented a Supervisory Review policy, and
- Provided procedural training to staff.

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The Department will also:

- Research ways to address the separation of duties within the Service Tracking and Reporting System,
- Review travel processes/procedures for clients for possible updates, and
- Review all fiscal policies/procedures and the internal procedural manual for necessary updates.

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Department of Social and Health Services

2001S	04	Finding:	The Department of Social and Health Services does not have sufficient internal controls over drugs in the pharmacies at Western State Hospital to prevent and/or detect misappropriation or loss.
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Resolution/Status: The Department partially concurs with this finding and has taken the following corrective action:

- Implemented a new procedure so that all controlled substances, along with the controlled substance logbook, must be returned to the pharmacy in person, by a licensed nursing staff (LPN or RN),
- Reissued directives reminding staff of the importance of accuracy when dealing with controlled substances,
- Conducted an internal review of the controlled substance process. Preliminary results indicate overall compliance with documentation requirements. Non-compliant issues have been reported for corrective action,
- Refined communication expectations,
- Re-educated the Western State Hospital Executive Team and staff about the medication variance reporting process,

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- Implemented procedures to have a two staff members jointly check and document the controlled substances received from the wholesaler simultaneously, and
- Implemented procedures for random unannounced spot audit checks over inventory to be conducted throughout the year.

The Department will also:

- Continue to perform quarterly audits of the controlled substance process,
- Construct new individual boxes with keys, so that only one nurse will have access to a particular ward's box.
- Investigate the possible purchase of new equipment with updated distribution device technology.
- Investigate the possible purchase of a card swipe security device that would provide an activity report of entries.

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Department of Social and Health Services

2001F	12	Finding:	The Department of Social and Health Services' Medical Assistance Administration (MAA) has not established sufficient internal controls to ensure compliance with Medicaid provisions regarding licensing and other eligibility criteria for its health care providers.
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Resolution/Status: The Department does not concur with this finding. However, it has taken the following action:

- Expanded the Provider Master file to allow entry of an entire license number to facilitate comparison to the license number on the Department of Health license database,
- Performed random checks on provider files for accuracy in their licenses and any other core provider agreement criteria
- Updated the Core Provider Agreement (CPA). All new providers will complete the new CPA. The established

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providers will also be completing the new CPA in a phased-in process to be completed by March 2003,

- Established a procedure that directs how MAA receives and processes health and safety information received from external sources, such as the Department of Health and Aging and Adult Services and
- Sent letters to the 14 providers who had incomplete information and licenses and updated their files with the response.

The Department is currently:

- Working with the U.S. Department of Health and Human Services to determine if there are any recalculated unallowable costs charged to Medicaid that would require reimbursement.

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Department of Social and Health Services

2001F	13	Finding: The Department of Social and Health Services' Medical Assistance Administration (MAA) has not established sufficient internal controls to ensure compliance with Medicaid provisions regarding recipient eligibility for health care services.
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Resolution/Status: The Department does not concur with this finding. However, the following action has been taken:

- Re-reviewed the 27 households that were identified as ineligible and based on the household's actual income received in the month of review, 15 were eligible for BH Plus Medicaid, 5 were ineligible and 7 could not be contacted due to lack of current phone numbers or mailing addresses. DSHS is no longer pursuing the 7 households.
- Received verbal verification from the federal funding agency that there is no requirement to return the questioned costs. MAA has requested written confirmation of this decision.

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- Requested Basic Health to forward all changes in income to the Medical Eligibility Determination Service so the eligibility worker can determine whether it requires a follow up action and
- Increased the number of Basic Health Plus random reviews.

The Department is currently:

- Working with the Automated Client Eligibility System to expedite implementation of the populated eligibility review.

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Department of Social and Health Services

2001F	14	Finding:	The Department of Social and Health Services' Division of Alcohol and Substance Abuse (DASA) has not established sufficient internal controls over the federal Substance Abuse Prevention and Treatment Block Grant to ensure compliance with program requirements.
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Resolution/Status: The Department does not concur with this finding. However, the following action has been taken:

- Trained DASA management and supervisory staff on contract monitoring and contract management. This training will be repeated at least annually and is available on a one-to-one basis for new staff, and
- Implemented a quality assurance function within DASA.

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2001F	15	Finding:	The Department of Social and Health Services' Division of Child Support did not comply with regulations for allowable and allocable costs in the Child Support Enforcement program.
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Resolution/Status: The Department concurs with this finding and has taken the following corrective action:

- Implemented procedures and trained staff regarding time sheets and other applicable documentation requirements,
- Implemented a process to periodically produce detailed expenditure reports to ensure that payments for fines and penalties are charged 100% to state funded codes,
- Provided training to accounts payable staff regarding the necessary documentation needed to make payments, and
- Returned funds to Health and Human Services through the quarterly report.

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Department of Social and Health Services

2001F	16	Finding:	The Department of Social and Health Services' Vocational Rehabilitation Program did not comply with federal regulations regarding client eligibility and allowable costs.
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Resolution/Status: The Department partially concurs with this finding and has taken the following corrective action:

- Updated the procedure manual and trained staff to ensure files have the required identification documented and proper receipts or other supporting documentation are obtained for each client's travel expenditures.

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2001F	17	Finding:	The Department of Social and Health Services (DSHS) is not complying with subrecipient monitoring requirements for the Child Support Enforcement (93.563) and Medicaid (93.778) federal programs.
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Resolution/Status: The Department concurs with this finding and has taken the following corrective action:

- Updated Policy 16.07 - Single Audit Act Responsibilities to ensure that all DSHS programs are aware of subrecipient monitoring functions,
- Reviewed subrecipient requirements and drafted documents for program usage. Determined applicable level of program review (if any) and reporting requirements,
- Identified contracts with counties and school districts and implemented procedures to ensure they are reported on the Subrecipient Monitoring form as part of the fiscal year close instructions, and
- Reviewed agency policy to ensure compliance with the U.S. Department of Human and Health Services letter.

The Department will also:

- Continue to review all audit reports issued by the State Auditor's Office and, if a finding is noted for a subrecipient, request a corrective action plan from the subrecipient.

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2001F	18	Finding:	The Department of Social and Health Services is not complying with suspension and debarment requirements for some of the federal programs it administers.
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		Resolution/Status:	The Department partially concurs with this finding and has taken the following corrective actions:
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- Provided formal training on the debarment issue and certifications to staff and the Department's contract coordinators,
- Included information regarding debarment in the Central Contract Services newsletter,
- Trained purchased service contracts staff, and
- Implemented procedures to obtain certifications for all contracts that are for \$100,000 or more.

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